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FROM THE U.S. MISSION TO THE UN AGENCIES IN ROME

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SUBJECT: MAJOR DONORS DISCUSS FAO EVALUATION, KEY  
PROGRAM/BUDGET ISSUES AND LOCUST EMERGENCY RESPONSE

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1. (U) Summary: At a "Geneva Group" meeting for Rome-based representatives of major donor governments convened by the U.S. Mission on 14 September, participants strongly supported a U.S.-led proposal for an independent external review of FAO, although they expressed some differences on tactics. Looking ahead to the late-September meetings of the FAO Program and Budget committees, they identified the Independent Evaluation of FAO's Decentralization, the review of the Technical Cooperation Program (TCP), the Mid-Term Plan, and FAO's financial position as key issues. Participants also discussed FAO's response to the West African locust emergency, noting that the organization had issued timely advance warnings, but had lagged in coordination, information sharing and getting experts on the ground, with donors' tardy contributions also a factor. End summary.

2. (U) Ambassador Hall chaired a meeting of the "Geneva Group" of principal UN donor governments on 14 September at the U.S. Mission. Attending were officials from the permanent representations of Australia, Canada, Germany, France, Italy, Japan, Netherlands, New Zealand, Sweden, Switzerland and the UK.

#### INDEPENDENT EXTERNAL EVALUATION

3. (SBU) Ambassador Hall stressed the need for an independent external evaluation of FAO as a tool to help member governments identify the organization's strengths and weaknesses. He said that such a review could help strengthen FAO and help it gain support from donors during an anticipated period of budgetary retrenchment by major donors. The Ambassador reported on his two meetings with FAO Director General Jacques Diouf in August 2004, and the latter's ambivalent response thus far, with questions centering on (1) perceived linkages to the upcoming DG election, (2) the need to involve FAO's governing bodies, and (3) the importance of G-77 buy-in.

4. (SBU) DCM explained that the U.S. and like-minded countries had sought to address Diouf's concerns regarding the proposed evaluation by (1) deferring the date of the evaluation's final report(s) until after the DG elections in November 2005, (2) using FAO's regionally balanced Program and Finance Committees as the bodies to discuss and endorse the concept, and (3) conducting outreach to the developing countries. On the latter point, he reported on his 13 September informational meeting with G-77 representatives, where he had sought to build support for an independent external evaluation. He noted that he had explained the utility of such an evaluation in providing baselines for Program and Finance Committee deliberations and by improving FAO's credibility in donor capitals -- a prerequisite for future funding. At the meeting with the G-77, he also was able to dispel misinformation about the cost of this exercise, which would be no more than \$2 to 2.5 million. Reaction to the presentation from the Asian, Near Eastern and Latin American representatives had been largely positive, with only the African members exhibiting a degree of distrust and reluctance. Only Sudan (whose representative has little credibility in Rome's multilateral community) expressed outright opposition.

5. (SBU) To the assembled Geneva Group representatives, DCM outlined the three key aspects of the proposed

evaluation: (1) an assessment of FAO's role in the 21st century environment, (2) an evaluation of the organization's current impact, and (3) a review of its management processes and best practices. He stressed that the FAO Secretariat could greatly facilitate the evaluation -- while maintaining the assessment's perceived independence -- by assisting with tendering of contracts and management of voluntary contributions in support of the evaluation.

16. (SBU) Geneva Group members' responses to the USG presentation were overwhelmingly positive, though some differed on tactics and timing.

-- The UK, Canada, Australia, New Zealand and Germany were the most vocally supportive.

-- The Swiss were "interested, in principle" but were worried about the composition of the steering committee.

-- The Italians described it as "a worthwhile effort," but thought it would take more time to carry out.

-- The French argued for a slower approach that would first seek FAO members' endorsement of the concept of a review, before broaching the details.

-- The Netherlands Ambassador observed that FAO has a credibility problem and asked rhetorically why FAO should be an exception to the growing tendency to independent external reviews within the UN system. He expressed general support for the idea of a review, but noted that the level of The Hague's support in cash or in kind would depend on how it is conducted. He also wondered whether full G-77 buy-in was absolutely necessary, and whether donor countries couldn't carry out the evaluation on their own, if necessary.

-- The Japanese permrep said she would urge Tokyo to support this initiative, but pointed to possible reluctance on the part of her government to undertake a potentially divisive study that might pit Japan against its Asian neighbors.

17. (SBU) Throughout the Geneva Group meeting, questions and criticisms -- where they arose -- tended to center on tactical details such as the need to involve the governing bodies, the composition of the steering committee, the selection of consultants, and the determination of terms of reference.

18. (SBU) Ambassador Hall urged Geneva Group permreps to raise the issue directly with the DG and to discuss it with their G-77 counterparts. He alluded to the USG commitment to help fund the evaluation and suggested that permreps that had not already done so to raise the concept and its funding requirements with their capitals.

#### UPCOMING PROGRAM AND FINANCE COMMITTEE MEETINGS

19. (U) The Dutch Ambassador, who chairs the FAO Program Committee, highlighted key issues for the Committee's upcoming meeting, which starts 29 September. He praised the recently completed Independent Evaluation of FAO's Decentralization, but noted that there has been no response from FAO Management. He urged Geneva Group members to look closely at the Secretariat's document on the Policy and Operational Framework of the Technical Cooperation Program. He flagged the document on the 2006-2011 Medium Term Plan, calling particular attention to the Secretariat's assumptions about real budget growth.

Several Geneva Group members echoed his call for a range of budget scenarios in the Medium Term Plan.

10. (U) The DCM, who sits on the FAO Finance Committee, outlined key issues before that Committee, which will meet starting 27 September. In addition to the budget scenario question raised above, he signaled the documents on FAO's relatively precarious financial position, linked to late payment of assessed contributions by some of the largest contributors (including the U.S.) and a systemic change in the pattern of arrearages.

#### WEST AFRICAN LOCUST CRISIS

11. (U) U.S. Alternate Permrep briefed the Geneva Group on the status of FAO's response to the locust emergency. (Septel reports on a separate meeting of donors, affected countries, and FAO emergency response personnel hosted by U.S. Mission on 10 September.) In U.S. Mission's view, FAO deserves credit for giving timely warning of the impending crisis 11 months ago and hosted 3 regional meetings to focus attention on the problem. Moreover, we recognize that donor contributions have lagged. That

said, FAO's response has fallen short in several respects: (1) only half of donor contributions received thus far have been obligated, and it took six months for FAO to utilize an early U.S. contribution of \$800,000; (2) FAO has not shown leadership in coordinating emergency responses at the national level; (3) FAO lagged in the reactivation of the Emergency Center for Locust Operations (ECLO); and (4) Until recently, there were only two FAO locust control experts on the ground in West Africa (now there are five).

12. (U) While accepting aspects of the U.S. critique, other Geneva Group members warned against finger pointing. The Italian Ambassador said it was difficult to say who was to blame, and cautioned against making FAO a scapegoat. The new UK Ambassador saw the current situation as a typical dilemma of maintaining standing capacity for an intermittent problem. The Netherlands Permrep expressed discomfort with getting into a debate over who is at fault, when the issue at hand was dealing with a difficult crisis. He added that various donors -- including his own government -- had been slow to respond.

COMMENT

13. (U) U.S. Mission is encouraged by the generally positive response by key donors to the proposal for an independent external review of FAO. The 21-23 September Committee on Food Security (CFS) meetings will provide further opportunities for corridor discussions of this proposal with the Secretariat and member governments, particularly the G-77 countries that may still need convincing or reassurance. Meanwhile, the Geneva Group remains a useful forum for reviewing key FAO issues from the perspective of the major donors.

HALL

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